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ABSTRACT

Although even a few years ago researchers were suggesting that faculty aging and the resulting retirements would result in a huge demand for new hires, job opportunities have become scarce for recent graduates of doctoral programs. It is important, however, that colleges be able to hire new personnel to bring new ideas into the institution. In considering efforts to induce more "greying" faculty to retire, colleges should take into account the effect of later retirement in terms of the relative lack of diversity of older faculty and the possibility that they will be out of touch with new developments in their discipline. Specifically, early retirement efforts must address the following issues: (1) economic security and inflation, by, for example, crediting additional years of service to early retirees to increase their pension; (2) health coverage, including the possibility of continuing coverage to retirees until they are eligible for Medicare; (3) flexibility, by offering phased-out retirement options through the gradual reduction of teaching loads over a 5-year period; and (4) personal worth factors, including the need to treat retiring faculty as individuals who have made and can still make a contribution to the institution by offering them continued access to library and computer services and keeping them informed of developments. Includes two sample retirement program models. A list of questions for prospective retirees is appended. (BCY)

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A Greying Faculty:

Challenge or Stumbling Block

to the

Twenty-First Century

Submitted in partial fulfillment
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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

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A Greying Faculty: Challenge or Stumbling Block to the 21st Century

It is interesting to note what impact time has had on the problems involved with staffing at the Nation's colleges. Just a few short years ago many of the articles, dealing with an aging faculty, pointed to the conclusion that in the last part of the century and the early years of the next there would be an unprecedented demand for young faculty to take up the slack caused by a significant number of retirements. As a matter of fact in a recent issue of the Educational Record reference is made to a report by the U.S. Department of Labor, Bureau of Labor Statistics, which indicated that between 1992 and 2005 there would be a need to hire over half a million new faculty. When one considers that the overall collegiate faculty, both full and part-time, is estimated at 887,000 the suggestion being made is rather startling. Part of this projection is based on replacement needs but another part is based on expanding enrollments. [1]

Backing up this projection is hard evidence indicating that the 18-19 year old cohort, which plateaued in the period 1976-80 and then declined in the period 1992-94 to below 7 million, (an overall 21% Falloff) will climb to 8 million by 2001 and 9 million by 2110. This represents an increase of about one-third from the lowpoint and it should also be noted that these are not pie in the sky figures but represent individuals who have already been born. [2]

Still another factor that needs to be taken into consideration is what has happened to many of the graduates of doctoral programs in the last several years. Any of us in the Academy know that, over the last several years, job opportunities have become much scarcer, especially in the traditional liberal arts areas. Using my own institution as an example (Union County College), major hiring has taken place in just two areas. One of these is in Teaching English as A Second Language, which is a response to fairly widespread immigration into the county. The other area, at least up until fairly recently, has been in health related fields, such as nursing and occupational and physical therapy. Yet even in these areas, especially nursing, the enrollments have begun to fall off. As a further indication of this problem is this quote from the article cited above."...there is the human toll exacted by doctoral programs that have disgorged tens of thousands of would-be professors into a saturated marketplace leading to thwarted expectations, still born careers, and massive graduate student indebtedness." [3]

Those of us who have had any experience with personnel matters can testify to the accuracy of that statement. Across my desk have come dozens of resumes from new Ph.D.'s looking for jobs, full or part time, academic year or summer, day or evening. Opening my mail today I came across a letter of inquiry from an A.B.D. in Political Science from Cornell, with 3 years teaching experience (probably part-time) looking for a position. My guess is (from the date of college graduation) that here is someone in his late 20's or early 30's looking to break into the teaching field full time. Not an atypical example of so many in the same circumstance.

To some degree this then sets the parameters, but we need to add a number of additional factors. Among these is the lifting of the mandatory retirement age for faculty, impending changes in the Social Security legislation which will raise the basic eligibility age to 67, overall economic conditions when applied to higher education, i.e. inflation. Other factors such as what is happening to health costs and the differences between higher education institutions where research is a significant expectation and where it is not. These are some of the areas that will be explored in attempting to suggest appropriate solutions to this rather complicated problem, of how to encourage retirement, or looking at it another way, how to impact the makeup of college faculties to make them more realistically reflect societal composition.

As of December 31, 1993 required mandatory retirement of college faculty at age 70 expired. It is interesting to note the variety of reactions that this caused. In some cases, a faculty member still productive and still interested in carrying on was forced into retirement. At Princeton, for example, Marvin Bressler, in sociology was just such a casualty. [4]

However, there are other views about the impact of this event on the higher education community. Another article in the Chronicle stresses the fact that with institutional programs designed to encourage earlier faculty retirement, other problems may arise. For example with an early retirement option there is no control over who can take advantage of this opportunity. There may be individuals who you want to keep who opt to leave, and others stay whom you would like to see leave. [5]

Still another concern is expressed by Robert S. Hamada, Professor of Finance at the University of Chicago. "It's the ability of a department to renew and refresh itself with the appointment of new hires," he says. "If there becomes a preclusion of new hires because the older people refuse to turn over, there is a loss of fresh ideas." That sentiment is echoed in the same article by a former Vice President of Johns Hopkins who is quoted as saying "No matter how you figure it, the end of mandatory retirement cannot be a plus for any institution." [6]

One should also note those addressing this issue point to the fact that there are significant differences in the impact of this change between a research oriented institution and one that is exclusively oriented to teaching. The question of burnout appears to be a more significant factor in these latter institutions than in those where research is more significantly emphasized. This seems to be borne out by earlier retirements in institutions where teaching loads are heaviest.

The other interesting thing to note is that the abandonment of mandatory retirement really caused very little change in retirement ages. The assumption was made that with this change many, many more would stay on. However, this has not proved to be the case.

> The average age at retirement for faculty is sixty-five, three years greater than for workers in general, and is of little consequence before the age of sixty. Of those still on the faculty at ages sixty to sixty-four, only 45 percent continue past sixty-five and close to none after seventy. The removal of the seventy year retirement requirement will have very little effect. [7]

This fact is further reinforced by this statement. "Currently tenured faculty who do choose to work past 70 tend to be research oriented faculty at research universities, have lighter teaching loads, enjoy working with inspiring students, and are covered by pension programs that reward later retirement." [8]

Just what impact the changes in Social Security will have is at this point hard to discern. Right now the Act provides that individuals who delay their retirement to age 70 can increase their basic Social Security payments by a certain percentage for each year of that delay up through age 70. Changing the basic eligibility date to age 67 may have an impact since the assumption is that that will be the new baseline date from which 100% benefits will be paid.

Given this general background it is now time to explore the issue that is the primary focus of this paper. To put it directly what are the factors that might induce more "greying" faculty to retire, and why might that be an important issue to explore as we move into the 21st Century.

In order to appropriately explore this issue it is necessary to make some general assumptions. The first of these involves the impact that later retirement will have on the composition of the Academy. We need to look at the composition of a significant number of the "greying" faculty. A large number of these individuals completed their education in the sixties and seventies and became members of the collegiate establishment during the period of significant expansion which was from the mid-sixties to the mid-seventies, They were more homogeneous than some of the more recent entries into the professorate.[9] In terms of academic and socioeconomic backgrounds and gender they were

disproportionally "white and male, middle-and-upper-class....although it is the first academic generation to reflect the wave of post-World War II democratization of the academic professions." [9]

This immediately raises one issue that has concerned some as we move out of this century and become more concerned about the composition of college faculties. John Silber, President of Boston College is quick to point this out. "As long as we are keeping someone over the traditional age of retirement we are denying the opportunity to hire someone who is Black or female or young." [10]

Other concerns that are raised about "greying" faculty are that they may be out of touch with new developments in their disciplines. This comment applying particularly to faculty in non-research institutions. Still another way of framing this question is, will the faculty mix in terms of gender, race, and ethnicity begin to more closely resemble that of the general population? And how familiar is the present older faculty with the new technology which is fast imposing itself on many aspects of our lives including the lives of academics.

All of this is by way of setting the stage for what now becomes the more difficult part of this paper. If we assume that there is some positive good in trying to reshape the composition of the professorate what are some of the factors that might persuade "grey" faculty to give up their posts. It is to the exploration of that issue that the rest of this paper will be dedicated.

It seems to me that there a number of concerns that need to be addressed if any "early retirement" proposal is to have any hope for success. These are:

1. economic security and inflation
2. health coverage
3. flexibility
4. personal worth factors

Economic Security and Inflation

Assuming at the outset that most of those in higher education are members of some pension scheme what we need to propose is what might be done to have some of us opt to cash in at an earlier age. Among the proposals that have had some success is one which credits an individual with additional years of service since many of the plans base their retirement allowances on total years of service or total amounts of money that have been contributed. In this way the individual faculty member gains a larger pension by leaving early. Another variation on this theme would be to allow a faculty member a full year of pay on retirement and for tax purposes this might be paid out over the next couple of years. There is only one major danger in these schemes, and that is the impact of inflation on any fixed dollar retirement. In an article by David R. Allen entitled "The Faculty Perspective" in a CUPA publication he points out that a $50,000 pension, assuming a 5% inflation rate, would be worth only about $38,000 in 15 years. Certainly this is a concern but it might well be addressed by retirement seminars which stress the importance of a variable annuity that is part of the retirement package, one which responds to inflation by continuing to grow. Such plans are available.

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Health coverage

This is one of the most perplexing issues that older citizens face. Over the last several years many facets of government have wrestled with the costs of health care. While most of us may be able to handle ordinary medical expenses what concerns and frightens us is the cost of catastrophic illness and most especially the costs involved in custodial care. These tend to be astronomical running from $30,000 a year up and requiring the depletion of assets before one can be covered under Medicaid, where the quality of care may not be to your liking. Covering ordinary health insurance costs for early retirees (those not yet 65) should be part of any sound early retirement scheme. Whether this requires the retiree to bear some of the burden is something that each institution needs to consider. At age 65 the individual automatically becomes part of the Medicare program and so a significant part of the concern about regular medical care costs are covered. This may require some supplementary insurance on the part of the individual but that ends up not being an astronomical expense. What I am suggesting is that institutions continue health care coverage for the early retiree until Medicare comes into play. An exceedingly generous institution might reimburse the retiree for the costs of his or her Medicare premium for one or two years after early retirement, since this is a relatively minor expense averaging, for a single person, about $500 per year.

Flexibility

The issue of retirement for someone who has spent several decades in productive work is obviously frightening. Whether retirement ends up being

required or voluntary makes no real difference. The basic concern is will I be able to adjust. Knowing that, institutions ought to be able to address that issue in a number of ways. Colleges and universities should consider the possibility of a phased out retirement program. A number of years ago the University of Virginia presented such an option to its faculty. It offered faculty the choice of reducing their teaching loads, over a five year period, but not beyond the age of 70. The reduced teaching load also carried with it the appropriate salary reduction but retained all other benefits with the exception of pension contributions which may have been in violation of IRS regulations. Such a reduced load was pegged at either 50% of load for each semester or the equivalent of 50% for the entire academic year. Once a decision was made the teaching load could not exceed the 50% mark. This was but one phase of Virginia's optional plan. Another approach was to offer retirement to those between the ages of 65 and 67 who had at least 10 years of service with the University. In this case once they signed such an agreement they were required to work for two years from the date of signing and in return for retiring the University agreed to pay them the equivalent of a year's salary paid in two installments in the year following retirement. [11]

While this plan has merit it lacks real flexibility. Another approach would be to allow for a reduction in teaching load each year. The number of years involved would be limited, but this would allow the faculty member to slide into retirement. One could envision a situation where an individual faculty member might want to see his or her teaching load reduced by 20% in year one and an additional 20-40% in year two. In other words there ought to be some

consideration given to making the individual comfortable in making that kind of life cycle change. Needless to say institutional concerns involving such things as planning and scheduling as well as the ease of replacements ought to be dealt with at the same time. In days of significant budgetary concern this offers the institution potential savings by reducing the salary of a "senior" professor and the possibility of either not filling that slot or employing adjuncts to fill any void in teaching assignments. A bonus payment may also be an inducement but that might well be offered as an option to increased payments into the appropriate retirement fund so that the faculty member's base pension would be larger.

These approaches allow for many variations but the key ingredient here ought to be some attempt to allay the concerns of the faculty member as he or she approaches what is certainly a major life crisis. A mutually agreed upon solution could act as encouragement for others to take advantage of the opportunity. More specific details on such an approach are part of the options described in the last part of this paper.

Personal Worth Factors

To some degree this is a continuation of the point just made. It seems to me that one of the significant aspects of any attempt to create a successful early retirement program is to accept as a major premise, the need to treat the faculty member as someone who has made and can continue to make a significant contribution to the institution. While the truth of the matter may well be that this will not be the case, it is important to use that idea as a basic assumption. To this end there are a number of things that might be done to at

least signal the fact that the institution still considers the retiree important.

Let me just detail a few. Continued use of the library, computer facilities and laboratories where that is possible. Perhaps the provision for some office space and access to duplicating or copying facilities. Insofar as space is concerned maybe even a carrel in the library. Keeping the faculty member informed about developments could be accomplished by making sure that he or she is on the mailing list for institutional newsletters or departmental minutes of meetings which might be of special interest ie new faculty, changes in key administrative assignments etc. Including the individual in social activities such as departmental parties or institutional celebrations is another way of saying look you are still an important part of this institution. Even keeping a faculty mailbox says something. In all of these what is being underscored is that the individual is still a part of the institution. Let the person himself decide when continued contact should be changed, when they no longer want the newsletter or invitations to events. If they move out of the area they may still want to maintain some contact and they should indicate how they would like to see that accomplished.

While the economic aspects of an early retirement can have beneficial effects on the institution, such as helping it bring in fresh ideas, or assisting in helping institutional membership to better reflect the composition of the greater society, we must not lose sight of the fact that we are dealing with individuals at a most fragile time in their lives. They have had little if any real experience with inactivity. Sabbaticals do not count because often there was a special purpose for the temporary interruption of instructional

activity. This situation is different. We are no longer talking about an interruption but something that is more permanent cessation. This being the case we need to do whatever we can to allay those concerns. While we need to address the economic and health concerns we cannot ignore the need to create a personal comfort zone for the prospective retiree. If we are successful in accomplishing this then "greying faculty" will provide significant opportunities for colleges and universities to move into the 21st. century as stronger institutions, better reflecting the composition of our society, with individuals better grounded in technology, perhaps better able to relate to the student body and yet both willing and exceedingly able to continue to pursue the twin goals of scholarship and teaching that characterize so many of the institutions of higher education in this country.

What follows are some models for early retirement programs as well as some questions potential retirees ought to raise about any proposed early retirement plan.

Suggested Early Retirement Models

Basic Assumption:

Institution is willing to offer such an option to all instructional staff members who are at least 60 years old and who have had at least 10 or more years of service at the institution.

Features of option:

For those who are at least 65 and who agree to teach for no more than three additional years, the College agrees to a reduced teaching load for such individuals that would amount to 60% or less of their normal load, with a salary reduction for each of the first two years equal to the amount of the reduced teaching load, i.e. 60% or less. However, the College agrees to continuing its contribution into the pension fund at the 100% rate. In the last year of this arrangement the College agrees, if the teaching load is 60% the College will pay 80% of the individual's salary and would also continue its contribution of 100% into the pension fund. If the individual has reduced his or her teaching load to 40% or 20% then the College would either pay 60% in the last year or 40% in the last year.

Once the faculty member has agreed to this arrangement there can be no change permitted except for a further reduction in their teaching load. In any case the arrangement can run no longer than 3 years.

Advantages:

From the College's standpoint the reduced load of at least 40% frees up a significant dollar amount allowing the College to either bank the savings or allow it an opportunity to bring new blood into its teaching staff at little if any additional expense. The advantage from the faculty member's standpoint is that rather than quitting all at once this allows for an adjustment period before complete phaseout.

Using some actual figures drawn from current salaries at Union County College for professors who are age 65 a reduced load to 60% with the appropriate reduction in salary would yield approximately $120,000 in savings and deducting the additional pension costs the savings would still be about $100,000. This would certainly provide a saving plus the ability to hire new younger faculty in appropriate discipline areas. Such savings would also be available in year 2 and perhaps be increased by a still further reduction in teaching load. Even when there is a need, at the end, to provide the "bonus" payment funds could have been saved in the previous two or three years to take care of that option. Needless to say providing the same option to those over 65 would yield even greater savings since those individuals are probably earning even greater salaries.

Still Another Model

Basic Assumption:

Statistics show that even with the removal of mandatory retirement there are still a significant number of individuals who would retire early given the right package.

Features of the option:

All faculty between 60 and not yet 65 would be offered the following option. A half year's salary and the College will continue to cover them on health insurance until Medicare kicks in at age 65. Such faculty members would also be offered priority in adjunct assignments but with the stipulation that they would be paid at the highest rate that any adjunct is currently earning.

Advantages:

Here once again the College would gain by reducing its salary expenditures among those who are earning higher salaries. The half year salary that would be saved should more than cover the costs of continuing medical insurance payments and the salary expense in the second year disappears completely and the only expenditure that still exists is the health insurance coverage for the period through age 65. The gain to the faculty member is the bonus of the half year's salary plus the assurance of health protection until Medicare becomes operative.

There are also a number of other variations which could be played on this theme. For those even under 60 the College may offer a bonus of 30% of annual salary plus some addition percentage for all years of service over a base of let's say 15 years. For example if a person has worked for 20 years and is under age 60 then the bonus might be 40% of base salary etc.

Still Another Variation:

This option would be offered to those who are 70 or over. A one time bonus of 70% of current salary in exchange for immediate retirement. Simply stated in terms of the College at which I teach this would involve 4 individuals whose combined salaries approximate almost $350,000. Seventy percent of those salaries would be approximately $240,000 which then provides the College with more than #100,000 to be used for replacement costs. Additional savings to the college would accrue by savings in medical insurance and contributions to the pension plan which certainly would be lower for any new faculty that would be hired.. In addition the College could obviously stall for a year and fill the vacant courses with adjuncts or overload teaching by regular staff with the realization that they would have the full $300,000 to use the following year.

APPENDIX:

Questions that potential retirees should ask.

1. If there is an early retirement payout will it have to be paid in a single year or can it be spread out over a couple of years?

2. If I am under 65 will the College agree to pay for my health benefits until Medicare kicks in at age 65? If the College will not pay for all of the premium what share will it assume?

3. Will the College grant me emeriti privileges so that I can continue to use duplicating facilities, telephone for scholarly inquiry, access to computer assists, membership on any Committees that I wish to serve on?

4. Will the College offer me some office space even if it is space that I will have to share with others?

5. Can I have priority in adjunct assignments if I notify the College sufficiently in advance that I am available for such assignments? And what compensation can I expect?

6. If I am interested in taking a course at the College, or if my wife or college-age children (up to 22) are interested will tuition waivers still be available.

7. Once I make a decision is it irrevocable?

8. If the College has a reduced load retirement program, can I reduce the amount I want to teach each year until full retirement takes place?

FOOTNOTES

[1] "Whither the Faculty? The Changing Academic Market", Jack N. Shuster, Educational Record, Fall 1995, 30.

[2] Ibid.,30-31.

[3] Ibid., 29.

[4] Denise K. Magner, The Chronicle of Higher Education, July 28,1993, A15.

[5] Ibid., A15.

[6] Ibid., A15.

[7] Julius, Nancy B. and Krauss, Herbert J., eds, The Aging Work Force: A Guide for Higher Education Administration, "The Aging of Faculty in American Colleges and Universities: Demographic Trends and Implications", Robinson, Ira E., and Lee, Everett S., 53.

[8] Jeanne E. Bader, "Uncapping", Academe, January-February, 1995, 36.

[9] Rice, R. Eugene and Finkelstein, Martin J., New Directions for Teaching and Learning, "The Senior Faculty: A Portrait and Literature Review, Jossey-Bass, no.55, Fall 1993.

[10] Kathleen Kennedy Manzo,"Senior Power", Black Issues in Higher Education, June 16, 1994, 12.

[11] Chronister,Jay I.,and Reed, Kathrine M., "Assessing the Effectiveness of Voluntary Retirement Incentive Options for Faculty:A Case Study", CUPA Journal, Fall. 1994, 29-30.

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